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Accounting, Business Methods, Investments and
the Exchanges

The Science of Accounts. By HARRY C. BENTLEY. (New York: The Ronald Press Company. 1911. Pp. 393. \$3.00.)

This work exposes clearly the common faults which pervade the teaching and practice of bookkeeping, and shows scientifically how they may be corrected. It draws its illustrations from actual business; consequently it is both illuminating and interesting. It has the bearing of authority, and its discussions are convincing. On the other hand, the arrangement of the book is unsatisfactory; the different parts are not well knit together into a whole; treating of system, the book is itself unsystematic in the arrangement of its subject matter. For the most part, the discussions are clear and to the point, but occasionally they are shrouded in vague terminology and rather pointless distinctions. Everything considered, however, the book is perhaps the best extant treating of general accountancy; at any rate, so considered, it has been adopted by the reviewer as a text for his classes in Cornell University.

It consists of six parts, an appendix and an index. Part I is devoted to Elementary Principles and Definitions; Part II, The Science of Classification; III, Elements of Cost Accounting; IV, Financial Statements, their Form and Arrangement; V, The Theory of Accounts, C.P.A. Examination Questions; VI, Special Classification of Ledger Accounts. The appendix contains (1) a selected bibliography of municipal and public service accounts; (2) an arrangement of trading accounts suggested by a "prominent New York accountant"; and (3) exercises in classification for students of accountancy.

Part I (76 pp.), in nine rather disconnected chapters, presents the principles and definitions necessary to the bookkeeper and accountant. The treatment is elementary; the *principles* would better be termed *rules*, which, however, are quite clearly stated and explained. As to the fundamental nature of debits and credits, upon which the science of accounts rests, there is no clear-cut scientific analysis; there are only rules of thumb, fairly well stated, but hardly approaching science. In this respect, the book is utterly outclassed by Professor Hatfield's, Professor Cole's and others.

Part II, The Science of Classification, is excellent; while criti-

cisms may well be made of the order of arrangement, and in some instances on the point of clearness, nevertheless, it has a positive *raison d'être*, and perhaps it fully atones for the shortcomings of the rest of the volume. In sixteen chapters (134 pp.), it presents the principal classes of accounts, showing their interrelation, what items should be debited and what credited, and what facts particularly each account should represent. The author scores particularly the *mixed account*, which merges together values of altogether different natures. Thus, the merchandise account on the debit side, usually contains (1) goods on hand at the beginning of (say) the month, (2) goods purchased during the month and the direct cost connected with them, (3) goods sold and subsequently returned by customers. Items (1) and (2) are cost values and item (3) is a selling value (a different thing altogether); consequently their summation is a mixture and tells nothing definite of the business. The credit side of merchandise contains (1) goods sold and (2) goods purchased and later returned by the business: again, (1) is a selling value and (2) is a cost value, and their sum is a confusion. Furthermore, the direct balance of merchandise is absolutely meaningless: it is neither asset, nor gain or loss, nor anything else distinctively. In a well-kept account, the sum of debits for the month should signify a definite fact about the business, the same being true of the credits; and the balance of the two sums should be an asset, a gain or loss, or some other definite thing. Other mixed accounts besides merchandise are currently used, and they should be uniformly condemned because they have no statistical value to the business. The author shows quite satisfactorily how accounts should be classified so as to furnish clear and accurate records for the business. His classification is based upon scientific principles, and is by far the best general classification published.

Part III (32 pp.), discussing the function of cost accounting and describing the so-called production order and process methods, is altogether an inadequate treatment of cost accounting and might better have been entirely omitted. Parts IV (44 pp.), V (14 pp.), and VI (65 pp.), though all are important, might well have been placed in the appendix rather than in the main body of the book.

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